2004 Annual Report

Property Assessment Appeal Board

BRITISH COLUMBIA

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The Honourable George Abbott
Minister of Sustainable Resource Management
Parliament Buildings
Victoria, British Columbia
V8W 9E2

Dear Minister:

It is my pleasure to present the Annual Report of the Property Assessment Appeal Board for the year ending December 31, 2004, in compliance with section 49 of the *Assessment Act*.

Cheryl Vickers
Chair, Property Assessment Appeal Board

BRITISH COLUMBIA

Property Assessment Appeal Board

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Left to right: Douglas Anderson, Louis Chan, Roderick MacDonald, Candace Watson, Keith Pritchard, John Warren, Cheryl Vickers (Chair), Kenneth Thornicroft, Paula Barnsley, Shiela Toth, Simmi Sandhu (Vice Chair), John Bridal, Lawrence Davies, Michael Bancroft, Sheldon Seigel, Rosemary Barnes, Robert Fraser (Vice Chair).

Board Profile

The Property Assessment Appeal Board is a quasi-judicial administrative tribunal established under the *Assessment Act* as the second level of appeal. The Board's mandate is to resolve appeals from decisions of the Property Assessment Review Panels.

The Board has an inquisitorial function and the discretion to open the whole question of a property's assessment to ensure accuracy and that property assessments are at actual value applied in a consistent manner in the municipality or rural area. An effective appeal system is critical to maintain confidence in the accuracy and integrity of the assessment roll.

The Board's objectives are:

- To resolve appeals justly and consistently, in accordance with the principles of natural justice and procedural fairness.
- To complete appeals as quickly as possible, at minimum cost to all parties.

Appeals are filed with the Board by April 30 following the completion of the assessment roll.

The Board is independent from the Property Assessment Review Panels and BC Assessment and is accountable to the Minister of Sustainable Resource Management. In 2004, the organization had a full-time Chair, two full-time Vice Chairs, 14 part-time members and a Registrar. Biographical notes on the Board members are included in Appendix 2.

An explanation of how the Board does its job is detailed in Appendix 3, and a glossary of terms used in this report is detailed in Appendix 4.

Report on Performance

Key Strategies

The Board adopted the following strategies to maintain and enhance the appeal system:

- Refined case management techniques to resolve appeals as soon as possible;
- Customized alternative dispute resolution techniques in order to resolve as many appeals as possible without a hearing, in a manner proportionate to the nature of the appeals;
- Managed the pre-hearing processes, including the disclosure and exchange of documents, to ensure hearings proceed in a fair and efficient manner;
- Issued timely, clear and well-reasoned written decisions after hearings;
- Engaged stakeholders to develop a more cost effective and efficient appeal system.

Results

Completion results over the last three years are summarized in the following table:

	2004	2003	2002
Appeals completed during the year	**1,383**	1,194	1,038
Reduction in total number of appeals	**54%**	54%	54%
# and % of appeals resolved without a hearing	**1,197 (87%)**	1,073 (90%)	876 (84%)
Average time for a decision (from hearing)	**42 days**	52 days	48 days
Direct costs per completed appeal[2]	**$753**	$714	$819

Notes:

1. With an appeal deadline of April 30th each year, the time period for reducing year 2004 appeals is from May 1 to December 31. The timeline for previous year appeals is from January 1 to December 31.
2. Direct costs vary with appeal volume therefore this can only be considered a rough indicator of efficiency and cost effectiveness.

Through new approaches discussed under the Responses to Challenges in 2004 section, the Board completed 16% more appeals during 2004 than in 2003. This resulted, by year-end, in the completion of 55% of the 2004 and 83% of the 2003 appeals. The number of older appeals was reduced by one-third.

Of the 4,603 properties initially appealed in 2004, 35% were resolved leaving 2,973 properties outstanding at year-end. More complex appeals, which are often not resolved until the following calendar year, commonly involve a number of properties in each appeal.

50% of the properties under appeal for years 2003 and earlier were resolved over the last year, leaving 3,422 properties outstanding at year-end.

The use of Appeal Management and Settlement Conferences has resulted in the majority of appeals (83%) being completed through mutual agreement between the parties and withdrawal of appeals. Resolving appeals without the need for a hearing assists in meeting the objective of minimizing appeal costs for all parties. In addition, the parties may be more satisfied with resolution through mutual agreement versus the Board deciding a "winner" and "loser" through a hearing.

Even if appeals are not fully settled through Appeal Management Conferences (AMCs), the discussions are productive in clarifying the issues and ensuring relevant information is shared between the parties. When hearings are required, these preliminary steps assist in having the proceedings conclude as efficiently as possible.

Costs for completing an appeal increased slightly, however, are below typical historical levels. Costs per appeal vary, most significantly, with the number of completions in a year and can vary with the relative complexity of appeals.

As discussed above and reflected in Figure 1, over the last year the average time to complete a written decision, following a hearing, decreased by 10 days. Variances year-to-year in the relative complexity of appeals can effect the required writing time. The Board, however, does not have a quantitative measure of the relative complexity of appeals between calendar years.

Figure 1 – Average Number of Days from Hearing to Decision

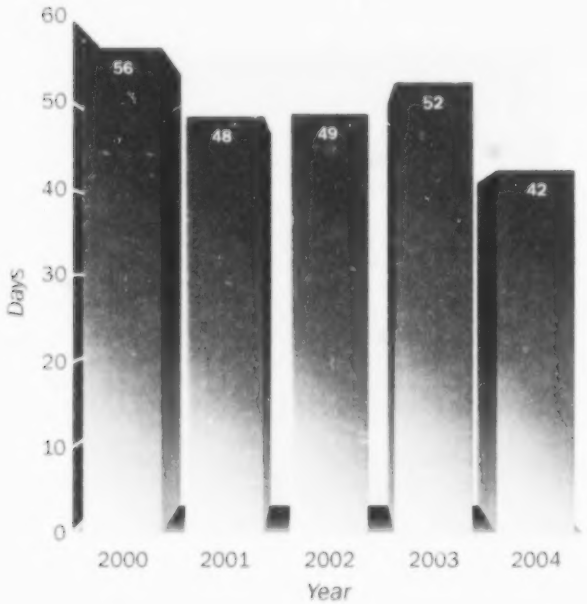

Figure 2 illustrates an increase in the number of oral and written submission hearings. The main contributing factor is a 16% increase in the volume of completions. In 2004 there was a minor increase (of less than 5%) in the portion of appeals completed by oral and written submission hearings (versus settlement), however, the resolution rate through alternative dispute resolution techniques remains high.

Figure 2 also illustrates that the number of oral hearing days decreased in 2004. This is likely due to a combination of increased use of written submissions and pre-hearing appeal management resulting in resolution of some issues and streamlining of oral hearings.

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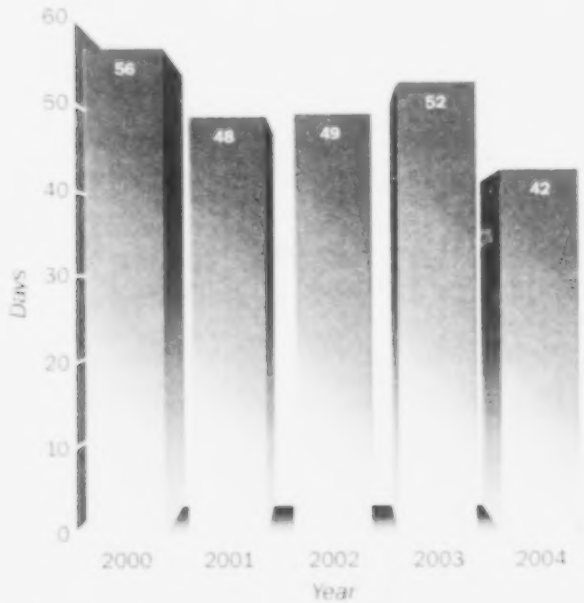

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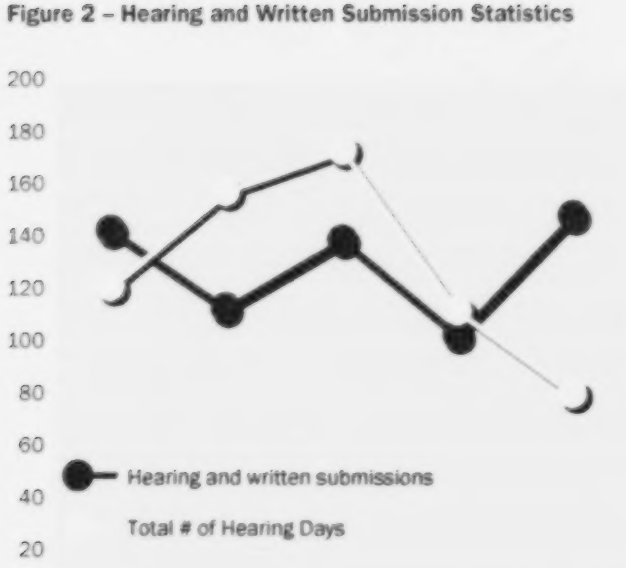
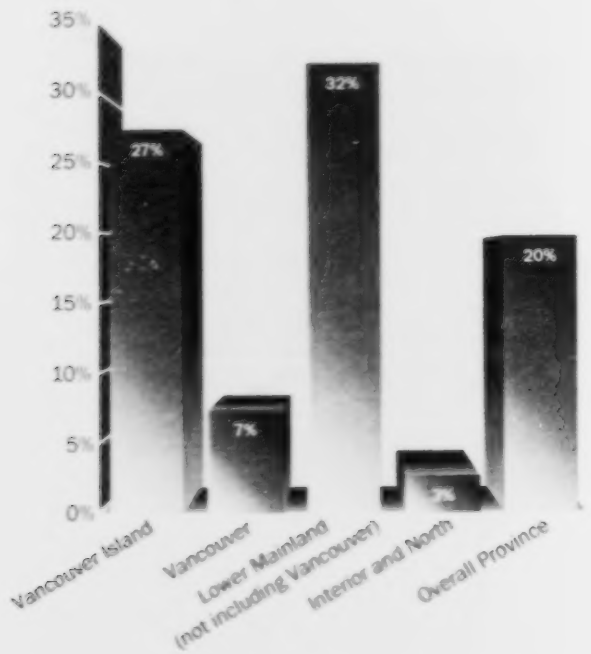
Figure 2 – Hearing and Written Submission Statistics



Analysis of Outstanding Appeals

The volume of new appeals in 2004 increased across the Province by 20%. As illustrated in Figure 3, on a regional basis, the interior and north had the lowest increase and parts of Vancouver Island and Greater Vancouver experienced the most significant increases. This variance likely reflects underlying economic factors and the real estate market within each region.

Figure 3 - Change in the number of new appeals from 2003 to 2004



As occurred over the last few years, the majority of new appeals (48%) in 2004 were from "Business and Other" classed properties. The number of appeals for residential properties was up again in 2004, representing 27% of the total. Increasing residential and recreational real estate values may be a significant factor contributing to increasing appeals from this sector.

Despite the increase in the volume of new appeals, the actual number of properties involved was down by 8%, while the total value of the properties was up significantly, by 21% to $13 billion.

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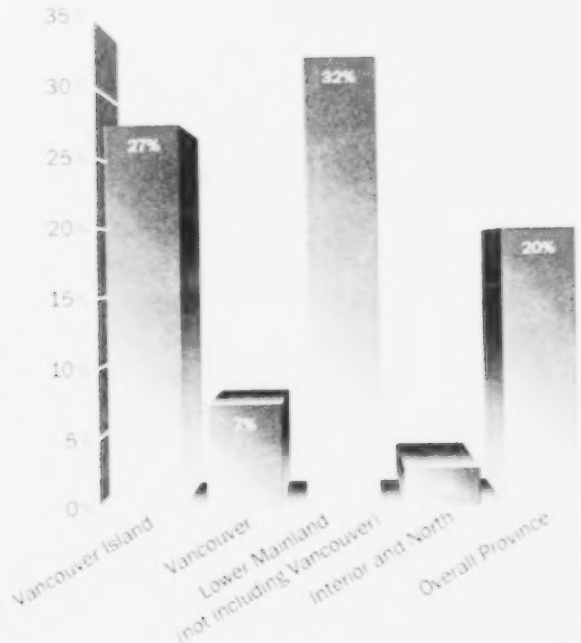

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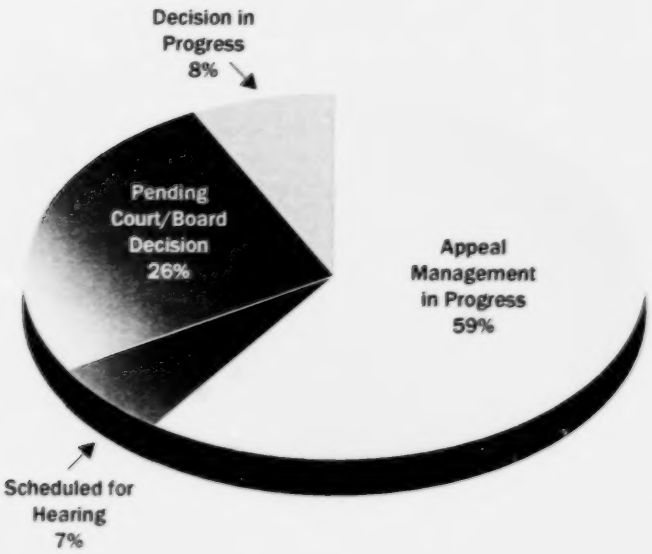
Despite the increase in the volume of new appeals, the actual number of properties involved was down by 8%, while the total value of the properties was up significantly, by 21% to $13 billion.

As of December 31, 2004, there were 1,193 appeals outstanding. Less than half (41%) of the outstanding appeals are from years prior to 2004.

As outlined in Figure 4, the majority of the outstanding appeals (59%) are under active case management. The Board is working with the parties to identify the specific areas of disagreement and to resolve as many of the issues as possible through mutual agreement. When it becomes evident that further discussion will not result in resolution, a hearing or written submissions are scheduled. As of December 31, hearings had been scheduled for 7% of the outstanding appeals.

26% of the outstanding appeals were being held in abeyance, pending the outcome of other cases before the Courts or the Board.

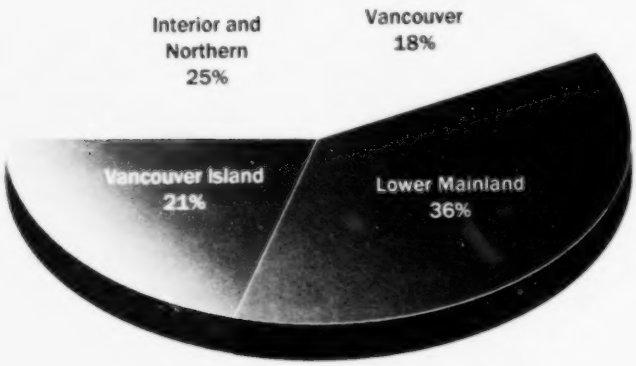
Figure 4 – Status of Outstanding Appeals as at December 31, 2004



The outstanding number of rolls under appeal decreased over the last year from 6,663 to 6,395. The associated total assessed dollar value of the properties as of December 31, 2004 was, however, up by $1.4 billion to $20.2 billion. This increase was due to the volume and value of newly filed appeals in 2004 (1,576 new appeals representing a total value of $13 billion).

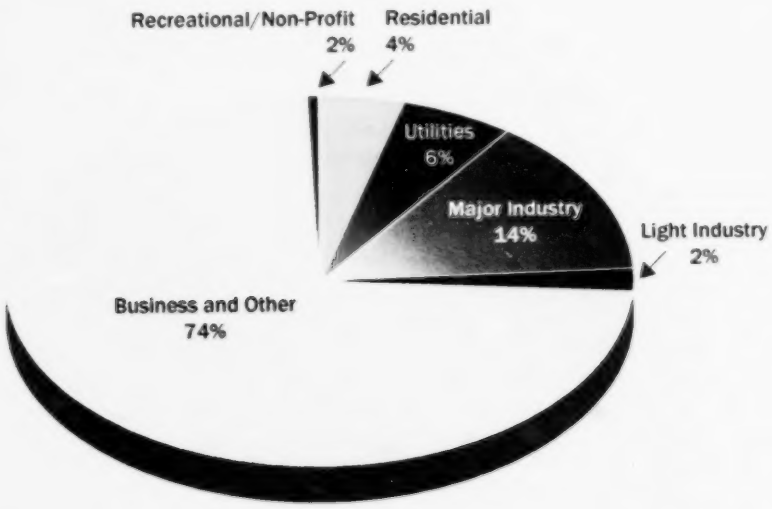
The number of appeals is fairly evenly distributed across the Province as illustrated in Figure 5.

Figure 5 – Regional Distribution of Outstanding Appeals



The majority of assessed value under appeal is in the Business and Other and Major Industry classifications. The vast majority of residential appeals are completed by the end of each year.

Figure 6 – Assessed Value by Classification



More detailed statistics are provided in Appendices 5 to 10.

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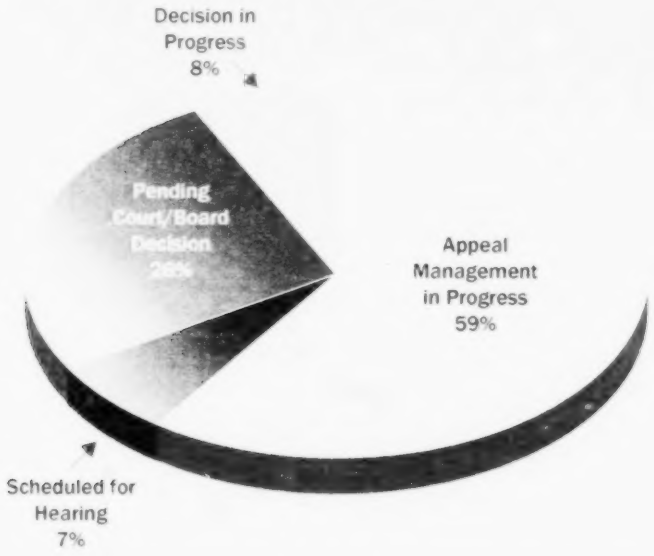

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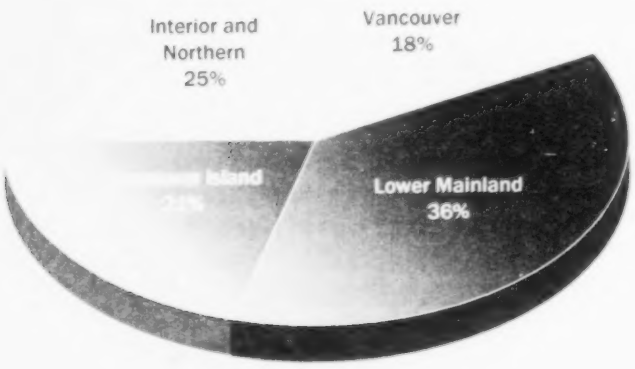

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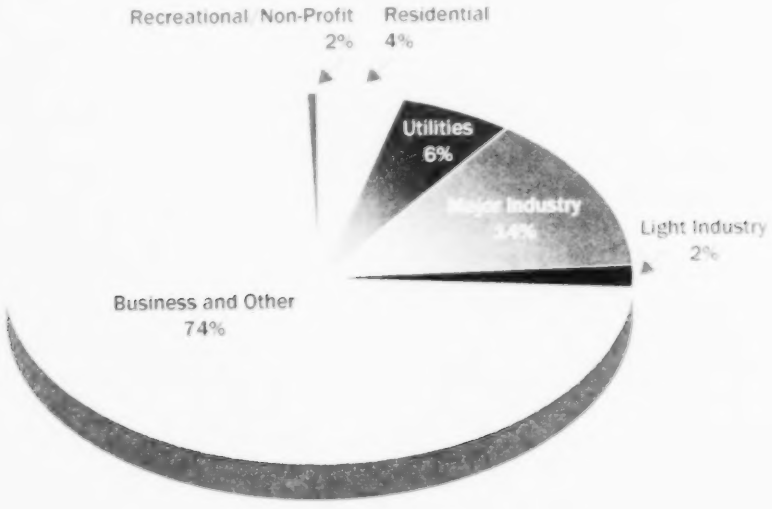


More detailed statistics are provided in Appendices 5 to 10.

Appeals to the Courts

Board decisions can be appealed on a question of law to the B.C. Supreme Court. The Board files the appeal (called a stated case) with the Supreme Court if a request is made from a party within 21 days from receiving the decision. Supreme Court decisions may be appealed to the B.C. Court of Appeal with leave.

At the beginning of 2004, seven stated cases from previous years were still outstanding before the B.C. Supreme Court. During the year, 12 new stated cases were filed. The Board's decision was confirmed by the Supreme Court on seven appeals and referred back to the Board on two appeals. One case was abandoned, and at year-end nine stated cases were still before the B.C. Supreme Court.

At the beginning of 2004, six cases and one leave application was before the Court of Appeal. During the year, applications for leave to appeal were made on two appeals. Of the three leave applications, the Court of Appeal granted two and denied one. The Court of Appeal upheld three Board decisions, referred two appeals back to the Board and three cases are outstanding at year-end.

One leave application was outstanding before the Supreme Court of Canada at the beginning of the year and another was initiated during the year. The Court denied both applications. No applications for leave to the Supreme Court of Canada were outstanding at the end of 2004.

Responses to Challenges in 2004

To effectively resolve the newly filed 2004 appeals in a timely manner.

The Board faced a 20% increase in the number of appeals in 2004. As with 2003, the main challenge was how to deal with this increased volume in an environment where the parties' resources are more constrained.

In 2004, the Board undertook the following strategies:

- Launched new e-filing technology for registering 2004 agent-filed appeals. A full 30% of the new appeals were received through this technology. This allowed the Board to complete registration and move the increased volume of appeals into active appeal management within the same time frame as previous years (by May 26).
- Accelerated appeal discussions on agent-filed appeals. Traditionally many of these discussions have not taken place during the early summer months, while the Board has concentrated on resolving residential appeals. In 2004, the Board initiated resolution efforts with the agent-filed appeals "in parallel" with residential appeals.

The resolution strategies used during the management of the appeals are detailed below.

To develop new cost-effective means of resolving residential appeals which are more proportionate to the financial interests at stake.

The Board was challenged to develop more cost-effective ways of resolving residential appeals. In contrast to business, commercial and major industrial properties, single family residential assessment disputes commonly involve relatively small differences of opinion as to the appropriate assessed value. The tax implications often are considerably less than the cost of an appeal, taking into account the expenses incurred by the appellant, BC Assessment and the Board.

Over the last few years, the Board has increased the resolution of residential appeals without the need for a hearing. The most common technique is through telephone Appeal Management Conferences.

In 2004, the Board modified its approaches to single family residential, recreational property and farm class assessment appeals by:

- Requiring the parties to attend teleconferences with a summary of the evidence to support their positions;

- Assisting the parties in assessing the merits of their position on the appeal (to encourage more settlements);
- Deciding appeals that were not resolved on the basis of written submissions from the parties as an alternative to in-person hearings.

These initiatives resulted in a reduction in Board costs, alone, of approximately 39% or $300 per appeal. The written submission process was generally less costly for the parties as well, given that they were able to avoid taking time from work to travel to and attend in-person hearings.

To refine the Board's approaches to agent-filed appeals to reach an appropriate balance between cost-effectiveness and timely resolution.

Over the last two years, modifications to case management strategies and the use of "self management" approaches for agent-filed appeals have strived to reach the right balance between minimizing the cost of the appeal system and resolving appeals in a timely manner.

If the Board was solely concerned with resolving appeals by a certain deadline it could simply schedule appeals for a hearing, as long as it allowed the parties reasonable preparation time. However, it is recognized in the assessment community that this approach would vastly increase the collective costs of the appeal system, by requiring the preparation of expensive appraisal and other expert reports and the costs associated with hearing facilities, travel and legal and professional advice.

In 2004, the Board made the following adjustments in efforts to fine tune the balance between costs, timeliness and fairness:

- Published guidelines and expectations for the early exchange between the parties of relevant information and documents so as to avoid unnecessary delay in substantive resolution discussions.
- Convened in-person Appeal Management Conferences (AMCs) with the agents and BC Assessment area offices to discuss all the appeals as a group.

While the Board was not always fully satisfied with the extent of early document disclosure, the group in-person AMCs was an efficient way of attempting resolution and setting the timeliness for numerous agent-filed appeals. This approach assisted the parties in resolving more appeals by year-end than in previous years. In 2004, 131 more current year appeals were completed, up by 18% over completions in 2003. Of the total completions, 82% were through mutual agreement.

To resolve older appeals that do not need to be held in abeyance pending Court action.

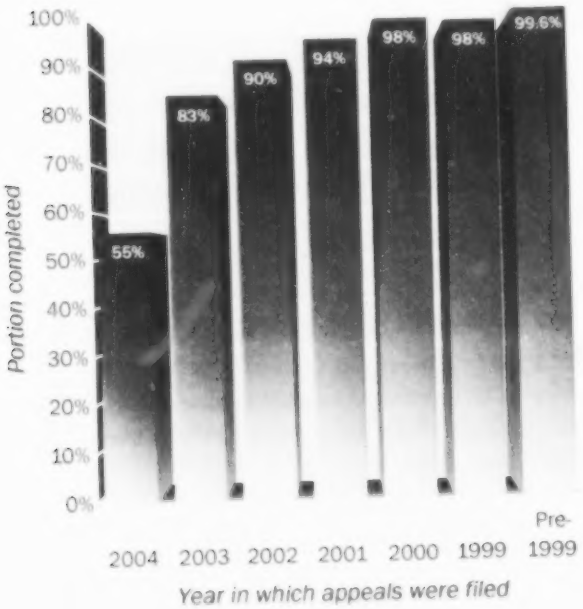
The Board has been, and continues to be, dependent upon the Courts before it can complete most of the older appeals. Progress was, however, made in resolving many active appeals, including long outstanding energy and forestry

related appeals. The backlog of appeals from the forestry sector has been virtually eliminated. All of the outstanding issues in the Westcoast Energy appeals have been resolved. The Board is simply awaiting re-costings by the parties to implement decisions and agreements in order to finalize the appeals.

Since last year, 62 of the 2001 and older appeals have been completed. As of the end of 2004, only 27 of these older appeals are active. The largest group of older appeals is being held contingent pending resolution of jurisdictional disputes between First Nations and other taxing authorities. Resolution of these disputes is not within the Board's jurisdiction.

The figure below illustrates the portion of appeals which have been completed for the 2004 and earlier appeal years.

Figure 7 – Completed Appeals by the Year of Original Filing



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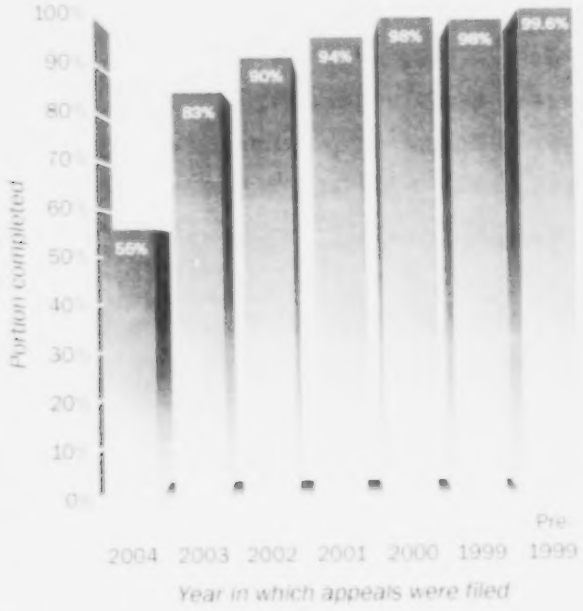


Other Activities

Forum on Appeal Management Practices:

The Board held a forum in March 2004 with members of the assessment community including the Canadian Property Tax Association (CPTA) and BC Assessment. The Board pressed for the need to increase the resolution rate, especially for the 2002, 2003 and 2004 appeals. The specific initiatives, as described in the Responses to Challenges in 2004 section were:

- Standardized expectations for early exchange of appeal information and documents;
- Earlier start on resolution discussions for the new 2004 appeals;
- Group in-person Appeal Management Conferences;
- More detailed status reports from the parties during the year.

Other Initiatives:

Other initiatives, adopted in 2004, include:

- Encouraging parties to use the Board's website to electronically file their 2004 appeals. This option also allows appellants to pay fees via credit card. The Board received 150 e-submissions, up by over two-and-a-half times from the "trial" year in 2003.
- Increasing use of alternative dispute resolution mechanisms for residential, recreation and farm property appeals.
- Reducing the time and expenses for the parties to continue with simple appeals through the use of written submissions (versus in-person hearings). When in-person hearings were used, the Board simplified the proceedings and usually eliminated the use of official recording secretaries. These simple appeals are rarely appealed to the Supreme Court, therefore, recordings are not necessary for provision of written transcripts.

Board Finances

The budget is fully recovered as part of the property tax levy applied by BC Assessment on assessed properties.

The Board monitors and reports on performance in the following ways:

- submits quarterly operational reports to the Minister of Sustainable Resource Management;
- reviews expenditures and completes forecasts on a monthly basis;
- posts quarterly and annual appeal statistics on its website, for review by stakeholders and the public; and
- publishes an annual report.

The budget is approved on an annual basis and is $1,344,334 for the period of April 1, 2004 to March 31, 2005.

The budget and estimated expenditures for 2004/2005 compared with the past five fiscal years are as follows ($000's):

Figure 8 – Budget versus Actual Expenditures by Fiscal Year

Fiscal Year	Budget[1]	Actual	Under/(Over)	%
2004/05[2]	$1,344	$1,344	$0.0	0%
2003/04	$1,395	$1,160	$235	17%
2002/03	$1,375	$1,077	$298	22%
2001/02	$1,523	$1,121	$402	26%
2000/01	$1,491	$1,093	$398	27%
1999/00	$1,590	$1,411	$179	11%

Notes:

1. The above budget figures are inclusive of revenue from appeal fees, which reduces the draw from the property tax levy.
2. Expenditures for fiscal year 2004/05 are forecasted based on actual expenditures to January 31, 2005.

Based on expenditures to January 31, 2005, the Board forecasts it will fully expend its 2004/05 budget. Expenditures increased over the past year due to increased use of part-time Board members to handle the larger appeal volume and complete decisions.

The Board also used one part-time Board member during May and June to assist the full-time members with Appeal Management Conferences for residential, recreation and farm property appeals. This additional resource allowed the Board to conduct, in parallel, alternative dispute resolution efforts with the commercial and industrial appeals.

The Board collected $139,000 in revenue, primarily for the 2004 appeal fees, reducing the overall funding requirement from the property tax levy.

A further breakdown of expenditures is provided in Appendix 11 including comparisons to the previous 6 years. The average cost per appeal completed in 2004 was approximately $950, $750 of which was comprised of direct costs (salaries, Board Member fees and expenses, and hearing facility costs). These costs are approximately the same as in 2003 and significantly less than the previous four years. Costs per appeal are, however, most sensitive to changes from year to year in appeal volume.

As with previous years, the majority of Board expenditures are for managing and resolving appeals, including appeal registration, alternative dispute resolution and hearings. The Board has reduced costs, over the last few years, by resolving more appeals without a hearing, making greater use of single person instead of multi-person hearing panels, and implementing e-business and office automation solutions.

Looking Forward

Challenges for 2005

The Board does not know the level of its workload each year until it receives the newly filed appeals in April. The trend over the last few years has been an increasing volume of appeals. Early indications from the first level of appeal are that appeals may be up again in 2005.

The Board anticipates the following challenges:

To effectively resolve the newly filed 2005 appeals in a timely manner.

To deal with a possible increase in workload in 2005, the Board will likely undertake the following strategies:

- Encourage more agents to use the e-filing method to submit their appeals. The database technology allows the Board to download appeal information, reducing manual data entry and speeding up registration of the new appeals.
- Continue with the strategy, adopted in 2004, to move forward with the agent-filed appeals "in parallel" with residential appeals. Earlier resolution efforts can assist in resolving more appeals before the start of another appeal season.
- Utilize appeal management strategies, which have proven efficient, including early exchange of appeal and assessment information and group in-person Appeal Management Conferences between the agents and BC Assessment.
- Replicate the approaches for the cost effective handling of residential, recreational property and farm appeals.

To work with the assessment community to resolve more appeals.

As reported earlier, initiatives in 2004 have resulted in a significant increase in the number of completed appeals. Further progress is, however, required to increase the pace of resolution to match or exceed the increased volume of new appeals. It is anticipated that efforts will be concentrated on the 2003, 2004 and 2005 year appeals. There are not many older appeals outstanding and the majority of these are pending Court action before the Board can proceed further.

The Board has initiated discussions with BC Assessment, agents and the assessment community on new potential strategies which could include:

- Further adjustments to appeal management strategies for agent-filed business, commercial and industrial appeals;
- Possible rule amendments and stricter application of "consequences" for parties not complying with the Board's rules and orders.

Further consultation is required to determine whether the assessment community supports these approaches or whether alternatives can be developed. The Board will issue a Discussion Paper in the Spring of 2005, reviewing its mandate and proposing changes to appeal management practices to increase appeal resolution rates. The Board is planning an appeal management forum with the assessment community in April 2005 to finalize the approaches for 2005.

The Board anticipates continuing to take a flexible approach to managing appeals, applying alternative dispute resolution strategies most likely to be effective and proportionate to the individual appeals.

To resolve older appeals that are currently active and resolve the contingent appeals once the relevant Court action is concluded.

The Board must wait on Court action before it can resolve 312 appeals. Of the 2001 and earlier appeals, a full two-thirds are in this contingent category. The single largest group is contingent upon resolution on whether the property is subject to First Nations' taxing jurisdiction as opposed to local government or provincial taxing jurisdiction. Once this issue is determined, the Board will work to resolve these appeals as soon as possible.

The Board will move forward to resolve the small number of active older appeals (27 in total as at December 31, 2004).

Targets for 2005

Targets for appeal resolution will be set after the April 30, 2005 appeal deadline. At that time, the volume and complexity of the 2005 appeals can be assessed and appropriate priorities and targets set for the resolution of appeals.

Other performance targets have already been set for 2005, including:

1. To complete registration and acknowledgement of the 2005 appeals by May 31, 2005.
2. To issue at least 85% of written decisions within 90 days from the hearing.

The Board will continue to use alternative dispute resolution processes in an effort to complete as many appeals as possible without a hearing. The effectiveness of these techniques is often dependent on the issues in an appeal and the parties involved. The Board must, at all times, ensure that appeals are resolved in accordance with the principles of natural justice.

APPENDIX 1

Staff Members

Top row, left to right: Isabella Chin, Systems Coordinator; Estrellita Gangoso, Decision Processor; Robert Fraser, Vice Chair; Leslie Gilker, Deputy Registrar; Michelle Hannigan, Scheduling & Administration Coordinator.

Bottom row, left to right: Steve Guthrie, Registrar; Cheryl Vickers, Chair; Simmi Sandhu, Vice Chair; Gwen Marriott, Administrative Assistant.

APPENDIX 2

Biographical Information on Board Members

Douglas Anderson - Penticton

Doug Anderson has been an arbitrator with the Residential Tenancy Branch since 1995 and is also an arbitrator for the Westbank First Nation. He is a part-time instructor at Okanagan University College and teaches a course on Business Law in Canada. Prior to this, he had his own law practice, Anderson & Company, in Penticton from 1978 to 1998. Doug has had a 13-year involvement with Scouts Canada both as a leader and as part of the Executive, and was a Director of the Penticton Boys and Girls Club. In addition, he has been a Director and President of the Okanagan Similkameen Neurological Society. A graduate of the University of British Columbia, Doug holds a Bachelor of Laws and a Bachelor of Commerce. He has been with the Property Assessment Appeal Board since February 2003.

Michael C. Bancroft - Nelson

For over 25 years, Michael Bancroft worked as an employee for the BC Ministry of Transportation and the Ministry of Crown Lands. He has served as a Property Agent, a Regional Planning Technician and a Manager of Property Services. For the past two years he has owned and operated Right Way Acquisition Services Ltd, a company specializing in acquiring property for linear transportation corridors. He holds a Diploma in Urban Land Economics from UBC. He is a Board Member with both the Nelson & District Credit Union and the Nelson Electric Tramway Society. Michael was appointed to the Property Assessment Appeal Board in February 2003.

Rosemary A. Barnes - Coquitlam

Rosemary Barnes has been a licensed Realtor since 1976. She obtained her Real Estate Agent's License from UBC in 1984 and her Residential Appraisal designation in 1994. Rosemary is experienced in mediation and arbitration, and is an instructor with the Real Estate Board of Greater Vancouver and the B.C. Real Estate Association. In July 2004, she was elected as Chair of the Real Estate Council of British Columbia. Rosemary has been a member of the Property Assessment Appeal Board since 1998.

Paula Barnsley - Kamloops

Paula Barnsley is a member of the Law Society of British Columbia and practices law with Cundari and Company in Kamloops. She holds a Bachelor of Laws from Dalhousie University, and a Master of Laws from UBC. Her graduate work focused on tax policy. She has been called to the Bar in Nova Scotia, New Brunswick and British Columbia. She also holds a Masters of Education from Memorial University in Newfoundland. Paula has been a member of the Property Assessment Appeal Board since 2000.

John Bridal - Malahat

John Bridal is the Manager of Program Development in the Real Estate Division, Sauder School of Business at UBC. He is responsible for overseeing the development and delivery of the Division's distance education real estate courses. He is an Honours graduate from UBC with a Bachelor of Commerce in Urban Land Economics. He also holds a Master of Education from UBC. He is a member of the Real Estate Institute of BC and has been with the Property Assessment Appeal Board since February 2003.

Louis K. C. Chan - Vancouver

Louis Chan presently is a Real Estate Appraisal Advisor for the Canada Custom and Revenue Agency, and has acted as an expert witness for the Tax Court of Canada. He has also worked as a Senior Appraisal Consultant for Colliers International Realty. Louis is member of the Accredited Appraiser Canadian Institute, the Real Estate Institute of BC and the Royal Bank Panel of Appraisers. He completed the Realty Appraisal Diploma Program from Vancouver Community College. Louis was appointed to the Property Assessment Appeal Board in March 2000.

Lawrence Davies - Kamloops

Lawrence Davies is an accredited member of the Appraisal Institute of Canada. He was with BC Assessment Authority for 35½ years and from 1998 to 2001 he owned and operated his own appraisal business. Larry has been a member of the Property Assessment Appeal Board since March 2000.

Rob Fraser - Victoria

Active in the real estate industry for many years, Rob Fraser has been a sales person, agent/manager, owner, local board president, provincial association president, and chair of a real estate related insurance company. In addition to his extensive experience and training in real property valuation, Rob also has expertise and training in conflict resolution, mediation, arbitration, and negotiation. He has a BA, an MA and did doctoral studies specializing in micro-demographic models. A member of the Property Assessment Appeal Board since 1992, Rob was appointed as a Vice Chair in 1998.

Roderick MacDonald - Alberni

Rod MacDonald has been a practising lawyer since 1971. He established a law firm in Brentwood Bay, and while in practice served on the Central Saanich Municipal Council and the Board of Variance. Rod's practice encompassed civil and criminal litigation, family law, general corporate and commercial matters, and wills and estates. Much of his practice related to real estate, including conveyancing, subdivision and land development. He has maintained a keen interest in assessment matters while in private practice. In 2002, he established a law practice in Tofino. Rod was a member of the Assessment Appeal Board (now the Property Assessment Appeal Board) from 1985 to 1995 and was re-appointed in 2003.

Keith T. Pritchard - Nanaimo

Keith Pritchard is President of Isle West Appraisals. He holds a B.Sc. degree from the College of Estate Management, University of Reading and is an Accredited Appraiser with the Appraisal Institute of Canada, a Fellow of the Royal Institution of Chartered Surveyors and a Professional Member of the Real Estate Institute of BC. He is a past President of the BC Association of the Appraisal Institute of Canada and is a member of the Board of Examiners for the Institute. Keith has 35 years experience in appraisal of residential, commercial, industrial, forestry and agricultural properties. He has also acted as an expert witness for the Supreme Court of BC and the Superior Court of Washington State. Keith served on the Board from 1991 to 1993 and was re-appointed in 2003.

Simmi K. Sandhu - Delta

Simmi Sandhu is a lawyer, called to the BC Bar in 1990. Her areas of practice included administrative law, civil litigation, corporate/commercial law and real estate transactions. In addition, she has extensive experience in quasi-judicial proceedings, having acted as a chair of the Board of Referees for over six years. She also has training and experience in conflict resolution and mediation. Simmi is on the Board of Directors of the British Columbia Council of Administrative Tribunals. She was appointed as a Vice Chair of the Property Assessment Appeal Board in 2001.

Sheldon Mark Seigel - Victoria

Sheldon is a Chartered Arbitrator, Chartered Mediator, and a Fellow of the Chartered Institute of Arbitrators, UK. He is a lawyer of more than 20 years standing (B.C. and ONT.) Sheldon has taught Administrative Law, Civil Procedure, and Alternative Dispute Resolution at UBC and the University of Victoria, and is a regular lecturer for the British Columbia Council of Administrative Tribunals. He is a graduate of the University of Ottawa Faculty of Law (1983), and Harvard Law School Negotiation Project for Lawyers (Roger Fisher). Currently Sheldon is an adjudicator for the Liquor Control and Licensing Branch, a legal drafter for the Canadian Forces Grievance Board, and a mediator for the Canadian Human Rights Commission, and the Federal Farm Debt Mediation Board. He also currently arbitrates for the Insurance Corporation of British Columbia, and the Canadian Motor Vehicle Arbitration Program. He has had adjudication and decision writing contracts with the Residential Tenancy Branch and the Workers Compensation Review Board. Sheldon has been with the Property Assessment Appeal Board since February 2003.

Kenneth Wm. Thornicroft - Delta

Kenneth Wm. Thornicroft is Professor of Law and Labour Relations with the University of Victoria's Faculty of Business and holds an adjunct appointment with the UBC's Sauder School of Business. He holds a law degree (LL.B. 1979) from UBC and a doctorate (Ph.D. 1996) in Labour and Human Resource Policy/Employment Law from the Weatherhead School of Management, Case Western Reserve University in Cleveland, Ohio. Ken's law practice (he was first called to the B.C. Bar in 1980) is restricted to arbitration and alternative dispute resolution. He is a member the B.C. Employment Standards Tribunal and the Delta Police Board and has been a member of the Property Assessment Appeal Board since February 2003.

Shiela D. Toth - Oliver

Shiela Toth has ten years experience as an appraiser and specialized in farm, commercial and industrial properties. She presently works as an Office Manager and has taken the Advanced Decision Writing, Hearing Skills, and Administrative Justice courses sponsored by the BC Council of Administrative Tribunals. Shiela worked for ten years in Project Engineering after receiving an Honours Diploma in Industrial Engineering Technology from the Southern Alberta Institute of Technology. She has been with the Property Assessment Appeal Board since March 2000.

Cheryl Vickers - Vancouver

Cheryl Vickers is a lawyer and formerly practiced in a variety of fields, including administrative law. She was active in the development of the British Columbia Council of Administrative Tribunals (BCCAT), and has served as member of that organization's Board of Directors since its inception including as Secretary from 1996 to 1998 and, currently, as President. Cheryl has assisted in curriculum development for BCCAT courses offering training to appointees of quasi-judicial boards and tribunals and is an instructor of the Foundations of Administrative Justice, Foundations for Professional Regulatory Tribunals, Staff Foundations, and Advanced Decision Writing courses. She has delivered workshops on Case Management and Alternate Dispute Resolution for Tribunals at Annual Conferences of BCCAT and the Council of Canadian Administrative Tribunals. Appointed in January 2003 as Chair, Cheryl served on the Property Assessment Appeal Board as Vice-Chair since 1995 and as a part-time Board member from 1993 to 1995.

John A. Warren - Nanaimo

John Warren is currently President of Cumberland Realty Advisors, which provides consulting and arbitration services in the area of commercial and industrial real estate. He is an Accredited Appraiser of the Appraisal Institute of Canada and was a professional member of the Real Estate Institute of BC until 2004. John holds a Diploma in Urban Land Economics from UBC. He has given evidence as a Qualified Expert Witness for the Federal Court of Canada, the Supreme Court of BC and the Land Compensation Board of Alberta. John has been a member of the Property Assessment Appeal Board since February 2003.

Candace C. Watson - Vancouver

Candace Watson has considerable market and valuation experience, with more than 32 years direct experience in property valuation. She is an Accredited Appraiser with the Appraisal Institute of Canada, a Fellow in the Real Estate Institute of Canada, a professional member of the Real Estate Institute of BC since 1975 and a former governor of the Institute and a former member of the National Appeal Board of the Appraisal Institute of Canada. Candace has been a member of the Greater Vancouver Real Estate Board for 25 years and is a member and past director of the BC Expropriation Association. She holds a Bachelor of Arts degree in History from SFU and a Diploma in Urban Land Economics from UBC. She has given evidence as an expert witness for the Federal Court of Canada, the Supreme Court of BC and the BC Expropriation Compensation Board as well as in commercial arbitrations. She has her own appraisal company and specializes in the analysis and valuation of investment properties. Candace was appointed to the Property Assessment Appeal Board in 1998.

APPENDIX 3

How the Board Does Its Job

The Initial Process

BC Assessment completes the assessment roll and mails the assessment notices to property holders by December 31 in the previous year. The properties are valued as of July 1 of the previous year, based on the physical condition and use as of October 31. For example, the 2004 roll was completed by December 31, 2003 with a valuation date of July 1, 2003 and a "state and condition" date of October 31, 2003.

If a person is dissatisfied with an assessment, a complaint must be filed to the local Property Assessment Review Panel no later than January 31. The Review Panel conducts hearings over a six week period, ending mid-March. Their Decision notices are mailed by April 7.

If a party is dissatisfied with the decision of the Review Panel, an appeal must be filed to the Board by April 30. The Board typically receives 1,000 to 1,500 appeals annually.

Appeals to the Board

Parties may appeal:

- the assessed value and/or classification of a property;
- the granting or withholding of an exemption to a property;
- an error or omission in the assessment roll respecting the name of a person or land or improvements; or
- the omission or refusal of the Property Assessment Review Panel to adjudicate a complaint made to it.

The Board is also the first level of appeal against the Assessment Commissioner's Rates.

Valuation appeals to the Board may involve single family residences and recreation properties, hotels, shopping centres, office towers, cement plants, and pulp mills, to name just a few.

The classification issues have varied significantly and included whether properties qualify for farm classification; whether strata units are entitled to residential classification; and the correct classification of manufacturing and transportation facilities.

Exemption appeals have included entitlement to the pollution abatement exemption and exemption for properties that are used for demonstrable benefit to all members of the community.

Commissioner Rate appeals have involved issues such as how fibre optic cables are valued.

As soon as an appeal is filed, the Board starts work. All appeals are processed as quickly as possible, to provide the earliest possible certainty of the assessment roll, for both property owners and local governments.

The Board's first step is to review each appeal to ensure that it has been filed within the deadline set by the *Assessment Act*, the appropriate fee has been paid, and that the notice of appeal meets the statutory requirements. The next step is to assign the appeals for case management.

Appeal Management

Case management is primarily conducted through appeal management conferences (AMCs).

The main purpose of an AMC is to identify and resolve as many appeal issues as possible. This can result in the settlement or withdrawal of an appeal without a hearing, thereby contributing to quick and cost effective resolution. Even if case management does not resolve the appeal, the hearing will usually be shorter and more efficient.

An AMC may be held at the request of a party, but generally the Board takes the initiative to arrange these conferences. AMCs are usually conducted by telephone, but may sometimes be held in-person. During a conference the parties are required to discuss and clarify what is really at issue in an appeal. The parties may be ordered to produce documents and reports to each other.

Depending on complexity of the appeal, several AMCs may be held. If a party fails to comply with a Board order, the Board may sanction the party by requiring them to pay costs, or in extreme cases, by dismissing the appeal.

Recommendations and Withdrawals

Often appeal management is a catalyst for further discussions between the parties. Sometimes an appel-

lant will decide to withdraw the appeal. In other cases, the parties may submit a recommendation to the Board to change the assessment roll. The Board reviews the reasons for the proposed change. If it is satisfied the proposed change will ensure accuracy of the roll, the Board will issue an order to change the assessment, without a hearing being required.

Settlement Conferences

Parties may be required to attend a settlement conference, conducted by a Vice Chair. Even if a settlement is not achieved on all matters in dispute, the issues are often narrowed and a subsequent hearing will typically take less time.

Pre-Hearing Steps

If the appeal cannot be resolved, the focus of appeal management shifts to ensuring the parties are properly prepared for hearing and the hearing proceeds as efficiently as possible. To achieve this, the Board may make a number of different orders, such as the preparation of statements of agreed facts. The Board may also order that appeals with common issues, similar properties or related owners be heard together.

Due to the volume of appeals and to ensure proper notice to the parties, hearings are scheduled several weeks or months in advance. In the interim, recommendations or withdrawals may still be submitted, and if accepted, the hearing will be cancelled.

Natural Justice and the Board

As a quasi-judicial tribunal, the Board must apply the rules of natural justice and procedural fairness. Parties are entitled to know each other's case and to be heard on the issues, and the decision must be made by an impartial panel. To meet these requirements, the Board has enacted Rules of Practice and Procedure. The Board has a duty to act fairly in applying the rules, and in conducting appeal hearings.

While appeal management will usually address these issues prior to the hearing, in a few limited cases, a hearing may have to be adjourned, to ensure all parties' rights are properly addressed. While this may conflict with the Board's objective to resolve appeals in a timely manner, the duty to be fair must be given the highest priority.

At the Hearing

The Board usually follows standard procedures, which are similar to, but less formal than, court procedures. Information sheets on the hearing procedures are made available in advance of the hearings, so the parties can properly prepare. The parties do not have to have a lawyer to represent them.

The Board is not required to apply the strict rules of evidence that a court uses. The Board may accept any evidence it thinks would be of assistance. Appeal management assists in ensuring the parties disclose evidence in advance of the hearing to avoid surprises at the hearing.

The Board may conduct hearings in person, by telephone or on the basis of written submissions. In person hearings vary in length from a few hours to several days. Depending on the nature and complexity of an appeal, the hearing may be conducted by a single Board member or a panel of two to three members.

Issuing Decisions

After the hearing, the Board issues a written order, detailing the decision and reasons. The Board must consider and weigh the evidence admitted at the hearing. While not bound by its earlier decisions on an issue, the Board aims for consistency, or to explain any reason for an apparent inconsistency with an earlier decision. The Board must also consider any direction the courts have given in previous cases about how to interpret and apply the *Assessment Act* and Regulations.

Due to the volume of appeals and complexity of some hearings, it may take some time for the decision to be issued. All parties are sent a copy of the decision, and if a change is ordered, the Assessor must amend the assessment roll.

Appeals from the Board

The Board's decision on factual matters is final, and there is no right of appeal.

A person affected by a decision of the Board may, however, appeal on a question of law to the B.C. Supreme Court.

Appeals may be filed because a party believes the Board was wrong in its interpretation of the law or its application of the legislation or regulations to the circumstances of the appeals. Appeals must be started within 21 days of receipt of the Board's decision. The Board is required to prepare and file the appeal (called a stated case) with the Court within a further 21 days.

A party may appeal the decision of the Supreme Court to the B.C. Court of Appeal, with permission (leave) of that court.

APPENDIX 4

Glossary of Terms

Appeal Management Conference (AMC)

The main purpose of an AMC is to review the appeal steps and identify and resolve as many appeal issues as possible. Most AMCs are conducted by telephone. The parties discuss the issues and the Board can make a variety of orders, such as the disclosure of documents. If resolution does not appear likely, the appeal is usually scheduled for a hearing. Some complex appeals may have several AMCs before the appeal is heard.

Decision in Progress

This term is used in the statistical appendices. It includes appeals that have had a hearing and the Board is in the process of preparing a written decision. It also includes appeals which the Board is in the process of issuing an order on a dismissal, withdrawal or recommendation (to change the assessment).

Invalid/Dismissed Order

Is a written order of the Board that is issued when the appeal is determined to be invalid or is dismissed for non-compliance with Board orders. When appeals are received, the Registrar examines whether or not an appeal meets the criteria required by the *Assessment Act*. If requested by a party, the Board will review the Registrar's opinion. If the Board determines the appeal is invalid, it will issue an order dismissing the appeal.

Pending Court/Board Decision

This term is used in the statistical appendices. It includes appeals which are being held, pending action on other appeals before the courts or the Board. Usually this occurs when the appeal issues are very similar and it is more appropriate to hold the appeal until the court or Board makes a decision on the other appeal.

Recommendation

When the parties mutually agree to change an assessment, they submit a joint "Recommendation" to the Board. If the Board is satisfied that the recommended changes will result in an accurate assessment, it will issue an order requiring BC Assessment to implement the changes.

Roll Number

The distinctive number assigned to each entry on the assessment roll. Generally every property has a roll number and receives an individual assessment. More than one property may be assigned one roll number, where the properties comprise a single entity. In some cases a property can have more than one roll number.

Settlement Conference

The purpose of a Settlement Conference is to reach mutual agreement on all or some of the appeal issues. The Board facilitates this Conference using alternative dispute resolution techniques and discussions are held without prejudice to the position which may be taken if the appeal proceeds to a hearing.

Withdrawal

An appellant may apply to the Board to withdraw their appeal before the hearing. If approved, the Board will issue an order permitting the withdrawal and closing the appeal.

APPENDIX 5

2004 Appeal Completion Results Compared to Results for 2003

Period	Appeals at Beginning of Period	Appeals at December 31	Appeals Completed Within Period	% Completed in Period
2004				
New Appeals	1,576	702	874	55%
Prior Year Appeals	1,000	491	509	51%
Year 2004 Total	2,576	1,193	1,383	54%
2003				
New Appeals	1,318	578	740	56%
Prior Year Appeals	876	422	454	52%
Year 2003 Total	2,194	1,000	1,194	54%

APPENDIX 6

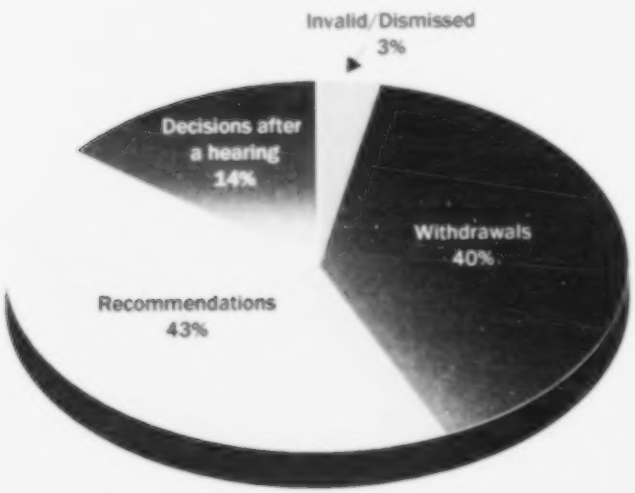
Completion Results by Appeal Year

Year filed	Appeals at Beginning of Year	Method of Completion				Total Completed	Appeals Outstanding at Dec 31/04
		Invalid/ Dismissed	Withdrawals	Recommendations	Decisions after a hearing[1]		
2004	**1,576**	**42**	**347**	**369**	**121**	**871**	**705**
2003	578	3	146	146	66	359	219
2002	198	0	38	49	7	94	104
2001	82	0	7	17	2	26	56
2000	25	0	5	4	0	9	16
1999	27	0	5	1	0	6	21
Pre-1999	90	0	9	9	0	18	72
Total	2,576	45	557	595	196	1,383	1,193

Note:

1. Decisions can be made through an in-person hearing or by way of written submissions from the parties.

Method of Completion of Appeals in 2004



APPENDIX 6

Completion Results by Appeal Year

		Method of Completion					
	Appeals at Beginning of Year	Invalid/ Dismissed	Withdrawals	Recommendations	Decisions after a hearing	Total Completed	Appeals Outstanding at Dec 31/04
2004	1,576	42	347	369	121	871	705
2003	578	3	146	146	66	359	219
2002	198	0	58	19	7	84	104
2001	82	0	7	17	2	26	56
2000	25	0	5	4	0	9	16
1999	27	0	5	1	0	6	21
Pre-1999	90	0	9	9	0	18	72
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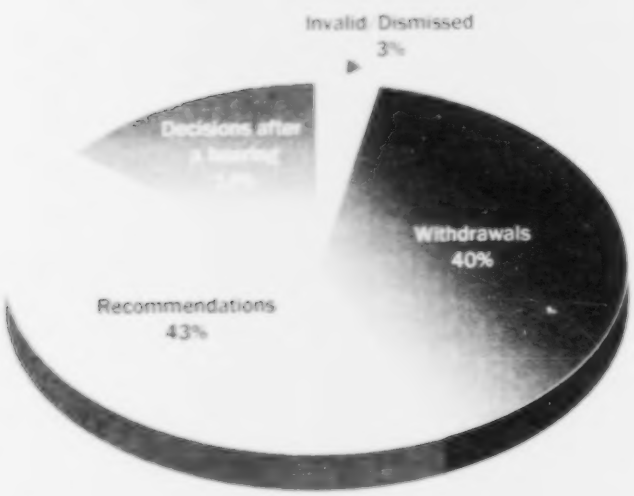


APPENDIX 7

Board Activities in 2004 Compared to Prior Years

	Results in year:				
Board Activity	**2004**	2003	2002	2001	2000
Overall Appeal Caseload					
New Appeals Registered	**1,576**	1,318	1,142	1,071	820
Prior Year Appeals (beginning of year)	**1,000**	876	772	748	719
Total Appeals	**2,576**	2,194	1,914	1,819	1,539
Appeal Management Conferences (AMCs)					
# of AMCs Conducted	**699**	559	584	754	559
# of Appeals Involved	**2,714**	1,436	1,050	1,316	960
Settlement Conferences					
Number held	**38**	28	29	29	22
Hearing Statistics					
# of In-Person Hearings	**60**	103	139	113	143
# of Hearing Days	**81**	112	173	157	121
# heard by way of Written Submissions	**88**	N/A	N/A	N/A	N/A
Appeal Completions Method					
By withdrawals/Invalid Orders	**602**	519	439	541	345
By recommendations	**595**	544	437	390	337
By decisions after a hearing	**196**	131	162	116	109
Appeals					
Number Completed	**1,383**	1,194	1,038	1,047	791

APPENDIX 8

Summary of Outstanding Appeals

Appeal Status	Outstanding Appeals						
	Total	2004 Appeals			Prior Year Appeals[1]		
	Dec 31/04	Dec 31/04	Apr 30/04[2]	Inc./(Decr.)	Dec 31/04	Dec 31/03	Inc./(Decr.)
Appeal Management in Progress	711	550	1,576	(65%)	161	620	(74%)
Scheduled for Hearing	80	50	0	N/A	30	126	(76.2%)
Pending Court/Board Decision	312	77	0	N/A	235	217	8.3%
Decision in Progress	90	25	0	N/A	65	37	76%
Total Outstanding Appeals	1,193	702	1,576	(55%)	491	1,000	(51%)
$ Value of Outstanding Appeals (millions)	$20,235	$9,230	$13,045	(29%)	$11,005	$18,802	(41%)

Notes:

1. Includes all outstanding appeals to the Board from the 2003 and earlier rolls.
2. April 30, 2004 was the filing deadline for the 2004 appeals.

APPENDIX 9

Regional Distribution of Outstanding Appeals

Region[1]		Dec. 31/04	Dec. 31/03	% Incr./(Decr.)
Vancouver (Area 09)	Appeals Outstanding	**208**	223	(7%)
	Assessed Value ($ millions)	**$8,817**	$7,088	24%
Lower Mainland (Areas 08, 10, 11, 12, 14, 15)	Appeals Outstanding	**434**	311	40%
	Assessed Value ($ millions)	**$6,038**	$4,435	36%
Vancouver Island (Areas 01, 04, 06)	Appeals Outstanding	**248**	175	42%
	Assessed Value ($ millions)	**$3,832**	$2,968	29%
Interior and Northern (Areas 17 to 27)	Appeals Outstanding	**292**	288	1%
	Assessed Value ($ millions)	**$1,549**	$4,311	(64%)
Total All Regions	Appeals Outstanding	**1,182**	997	19%
	Assessed Value ($ millions)	**$20,236**	$18,802	8%

Note:

1. This table does not include 10 Commissioners Rate appeals.

APPENDIX 10

Outstanding Properties By Appeal Year and Classification at December 31, 2004

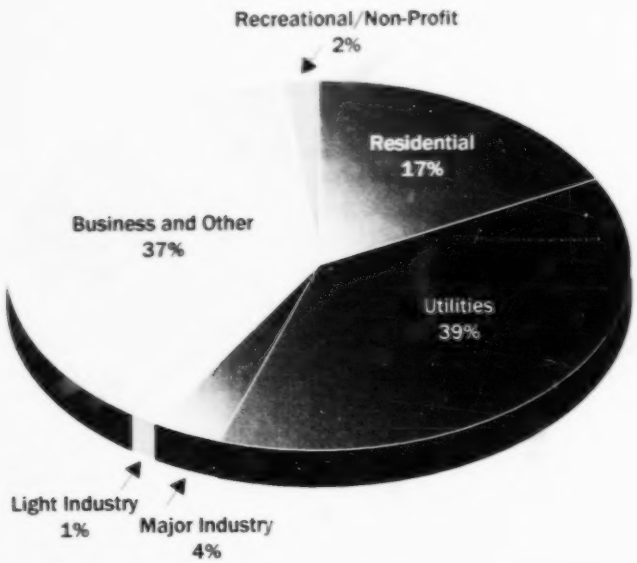
The following shows the breakdown of outstanding properties by classification and assessment year. The statistics are based on the number of rolls (rather than the number of appeals) because an appeal can involve several rolls, which may have different classifications.

Classification	Outstanding Appeals (Number of Roll Numbers)						Total Assessed Value ($millions)
	2004	2003	2002	2001	Pre-2001	Total All Years	
Residential	856	199	35	28	60	1,178	$901
Utilities	756	593	621	251	338	2,559	$1,152
Unmanaged Forest	2	2	0	0	0	4	$0.1
Major Industry	59	53	26	12	94	244	$2,824
Light Industry	53	22	8	1	4	88	$383
Business & Other	1,328	850	203	137	15	2,533	$14,871
Managed Forest	6	5	5	0	0	16	$2
Recreational/ Non-profit	88	21	14	8	0	131	$98
Farm	9	0	0	0	0	9	$4
Total for all classifications[1]	3,157	1,745	912	437	511	6,762	$20,235

Note:

1. These numbers are greater than the total number of properties due to split classifications where one property can have more than one classification. In June 2003 the Board discontinued adjusting the numbers downward to coincide with the total number of properties. This approach will provide for more precise figures on the distribution between different classifications.

Distribution of Oustanding Properties



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Unmanaged Forest	2	2	0	0	0	4	$0.1
Major Industry	59	53	26	12	94	244	$2,824
Light Industry	53	22	8	1	1	88	$383
Business & Other	1,428	850	203	137	15	2,633	$14,871
Managed Forest	6	5	5	0	0	16	$2
Recreational/ Non-profit	88	21	14	8	0	131	$98
Farm	9	0	0	0	0	9	$4
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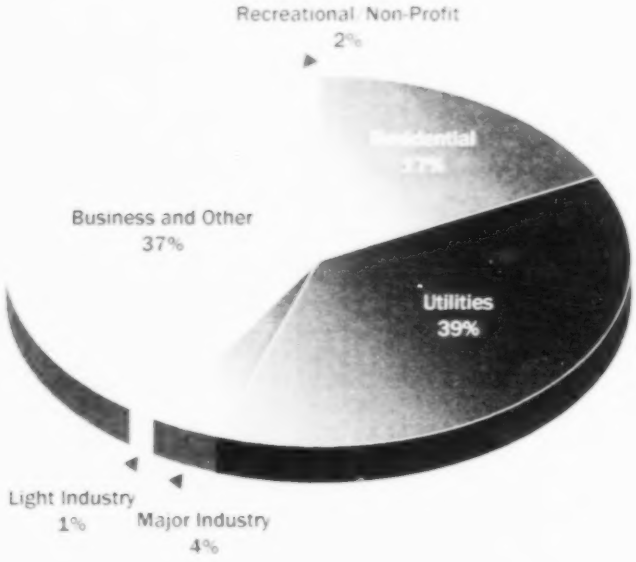
Distribution of Oustanding Properties



APPENDIX 11

Analysis of Expenditures

Breakdown of Expenditures by Calendar Year (2004 $)

Calendar Year[1] (Jan. 1 to Dec. 31)	Salaries & Benefits[2]	Members Fees	Travel Expenses	Hearing Facilities	Office Supplies	Occupancy Expenses[3]	Systems & Telecom.	Training Expenses	Misc. Expenses	Total Expenditures[3]
2004	**$747.0**	**$208.7**	**$75.8**	**$10.1**	**$27.7**	**$86.7**	**$145.4**	**$6.1**	**$4.7**	**$1,312.2**
2003	$667.1	$139.3	$31.0	$14.8	$18.9	$65.4	$135.3	$18.5	$28.6	$1,118.9
2002	$670.6	$118.7	$48.2	$12.6	$30.5	$92.4	$86.4	$11.7	$10.1	$1,081.2
2001	$707.5	$81.7	$56.1	$8.8	$25.2	$76.3	$104.2	$9.3	$9.7	$1,078.8
2000	$695.8	$89.8	$48.0	$6.2	$44.6	$95.0	$111.6	$7.8	$14.5	$1,113.3
1999	$870.9	$235.1	$75.8	$9.3	$28.9	$99.9	$79.2	$8.4	$15.2	$1,422.8
1998	$650.2	$567.4	$119.3	$9.5	$53.1	$148.2	N/A	N/A	$7.6	$1,555.3

Expenditures per Completed Appeal (2004 $)

Year and (# of completed appeals[4])	Direct Costs[5]	Indirect Costs[6]	Total Costs
2004 (1,383)	**$0.753**	**$0.196**	**$0.949**
2003 (1,194)	$0.714	$0.223	$0.937
2002 (1,038)	$0.819	$0.223	$1.042
2001 (1,047)	$0.816	$0.215	$1.030
2000 (791)	$1.062	$0.346	$1.407
1999 (1,433)	$0.831	$0.162	$0.993
1998 (2,012)	$0.669	$0.104	$0.773

Notes:

1. For comparability amortization and capital expenditures have not been included in these figures.
2. Includes contracts for recording secretaries for hearings.
3. Occupation Expenses for 1998 and 1999 included expenditures for telecommunications, computer systems maintenance and minor furniture and equipment purchases.
4. Completed Appeals include decisions and desk orders and the number completed is listed in brackets following the calendar year.
5. Direct costs includes Salaries & Benefits, Members' Per Diems, Travel Expenses and Hearing Facilities costs, listed in the table above.
6. Indirect Costs includes Office Supplies, Occupancy Expenses, Systems and Telecommunications, Training Expenses and Miscellaneous Expenses, listed in the table above.

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